



# OC Board of Supervisors' Internal Audit Department

O R A N G E C O U N T Y

## AUDIT HIGHLIGHT

September 14, 2009

INTERNAL AUDITOR'S REPORT TO THE BOARD OF SUPERVISORS

### REVENUE GENERATING LEASE AUDIT: OC COMMUNITY RESOURCES/OC PARKS RM FISHERIES, INC. Audit No. 2837

#### WHAT WE FOUND?

We found that RM Fisheries' records adequately supported gross receipts of **\$412,000** and rent of **\$33,000** was properly paid to the County in accordance with the lease agreement, except for inadequate records for fishing permit log and equipment rental forms.

We identified **six (6) Control Findings** related to record keeping and/or lease compliance that if implemented will help further ensure the complete and accurate reporting of future rent. OC Community Resources agreed with all six (6) findings and recommendations and is working with RM Fisheries to implement corrective actions.

#### WHY IS THIS AUDIT IMPORTANT?

Over its five (5) year term, this lease agreement is estimated to generate over **\$160,000** in rent to the County. Rent is paid to the County based on a percentage of gross receipts. We audit the underlying books and records to ensure gross receipts are complete and proper rent is paid as defined by the lease agreement. During the audit period of July 1, 2007 through June 30, 2008, RM Fisheries, Inc. reported approximately \$412,000 in gross receipts and paid the County approximately \$33,000 in rent.

#### BACKGROUND INFORMATION (SEE COMPLETE AUDIT REPORT FOR DETAIL)

The County of Orange entered into a lease agreement with RM Fisheries, Inc., dated October 25, 2005, for the operation of a fishing concession located at the Laguna Niguel Regional Park.

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